

**RICHLAND ASSOCIATION FOR
RETARDED CITIZENS, INCORPORATED
Delhi, Louisiana**

**Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
June 30, 2005**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/9/05

**RICHLAND ASSOCIATION FOR
RETARDED CITIZENS, INCORPORATED
Delhi, Louisiana**

**Financial Statements
With Independent Auditor's Report
As of and for the Year Ended June 30, 2005**

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M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

369 DONALDSON ROAD • CALHOUN, LOUISIANA 71225 • TELEPHONE 318/644-5726

Independent Auditor's Report

**RICHLAND ASSOCIATION FOR
RETARDED CITIZENS, INCORPORATED
Delhi, Louisiana**

I have audited the accompanying statement of financial position of the Richland Association for Retarded Citizens, Incorporated, (a nonprofit corporation) as of June 30, 2005, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the management of the Richland Association for Retarded Citizens, Incorporated. My responsibility is to express an opinion on these financial statements based on my audit.


I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Richland Association for Retarded Citizens, Incorporated as of June 30, 2005, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated October 24, 2005, on my consideration of the Richland Association for Retarded Citizens, Incorporated's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

**RICHLAND ASSOCIATION FOR
RETARDED CITIZENS, INCORPORATED**
Delhi, Louisiana
Independent Auditor's Report
June 30, 2005

My audit was conducted for the purpose of forming an opinion on the financial statements of the Richland Association for Retarded Citizens, Incorporated, taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.


Calhoun, Louisiana
October 24, 2005

FINANCIAL STATEMENTS

Statement A

**RICHLAND ASSOCIATION FOR
RETARDED CITIZENS, INCORPORATED
Delhi, Louisiana**

**STATEMENT OF FINANCIAL POSITION
June 30, 2005**

ASSETS

Current assets:

| | |
|--------------------------------------|---------------|
| Cash | \$54,813 |
| Investments - certificate of deposit | 24,109 |
| Accounts receivable | <u>11,726</u> |
| Total current assets | 90,648 |

| | |
|---|---------------|
| Land, buildings, and equipment (net of accumulated depreciation) | <u>18,105</u> |
|---|---------------|

| | |
|---------------------|-------------------------|
| TOTAL ASSETS | <u>\$108,753</u> |
|---------------------|-------------------------|

LIABILITIES AND NET ASSETS

Current liabilities:

| | |
|------------------------------|--------------|
| Accounts payable | \$1,575 |
| Payroll withholdings payable | <u>1,289</u> |
| Total liabilities | 2,864 |

| | |
|-------------------------|----------------|
| Unrestricted net assets | <u>105,889</u> |
|-------------------------|----------------|

| | |
|---|-------------------------|
| TOTAL LIABILITIES AND NET ASSETS | <u>\$108,753</u> |
|---|-------------------------|

See accompanying notes.

**RICHLAND ASSOCIATION FOR RETARDED
CITIZENS, INCORPORATED
Delhi, Louisiana**

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2005**

UNRESTRICTED NET ASSETS**Support and Revenue:****Support:**

| | |
|---------------|-------|
| Contributions | \$490 |
|---------------|-------|

Revenue:**Reimbursements:**

| | |
|------------------------------------|---------|
| Department of Health and Hospitals | 110,605 |
|------------------------------------|---------|

| | |
|--------------------------------------|--------|
| Louisiana Medical Assistance Program | 22,396 |
|--------------------------------------|--------|

| | |
|-------|--------|
| Other | 23,843 |
|-------|--------|

Service revenue:

| | |
|---------|--------|
| Ironing | 10,747 |
|---------|--------|

| | |
|---------|-------|
| Cooking | 6,723 |
|---------|-------|

| | |
|-------------------|-----|
| Interest earnings | 346 |
|-------------------|-----|

| | |
|-------|-----|
| Other | 456 |
|-------|-----|

| | |
|---------------------------|----------------|
| Total support and revenue | <u>175,606</u> |
|---------------------------|----------------|

Expenses

| | |
|--|--------|
| Program services - vocational and habilitative | 81,515 |
|--|--------|

| | |
|---|---------------|
| Support services - management and general | <u>93,777</u> |
|---|---------------|

| | |
|----------------|----------------|
| Total expenses | <u>175,292</u> |
|----------------|----------------|

| | |
|-------------------------------|------------|
| INCREASE IN NET ASSETS | 314 |
|-------------------------------|------------|

| | |
|--|-----------------------|
| NET ASSETS AT BEGINNING OF YEAR | <u>105,575</u> |
|--|-----------------------|

| | |
|----------------------------------|-------------------------|
| NET ASSETS AT END OF YEAR | <u>\$105,889</u> |
|----------------------------------|-------------------------|

See accompanying notes.

**RICHLAND ASSOCIATION FOR RETARDED
CITIZENS, INCORPORATED
Delhi, Louisiana**

**STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2005**

| | <u>PROGRAM SERVICES - VOCATIONAL AND HABILITATIVE</u> | <u>SUPPORT SERVICES - MANAGEMENT AND GENERAL</u> | <u>TOTAL</u> |
|-------------------------------------|---|--|------------------|
| Salaries: | | | |
| Employees | \$59,385 | \$20,425 | \$79,810 |
| Program participants | 7,759 | | 7,759 |
| Payroll taxes | 5,433 | 1,586 | 7,019 |
| Total salaries and related expenses | <u>72,577</u> | <u>22,011</u> | <u>94,588</u> |
| Accounting and audit | | 1,678 | 1,678 |
| Bank charges | | 103 | 103 |
| Insurance | | 16,222 | 16,222 |
| Internet service | | 291 | 291 |
| Licenses | | 150 | 150 |
| Maintenance and repairs | | 4,418 | 4,418 |
| Rent | | 12 | 12 |
| Supplies | 8,938 | 3,145 | 12,083 |
| Telephone | | 2,427 | 2,427 |
| Transportation | | 30,291 | 30,291 |
| Travel | | 317 | 317 |
| Utilities | | 5,846 | 5,846 |
| Workshops | | 68 | 68 |
| Miscellaneous | | 6,294 | 6,294 |
| Total expenses before depreciation | <u>81,515</u> | <u>93,273</u> | <u>174,788</u> |
| Depreciation | | 504 | 504 |
| Total expenses | <u>\$81,515</u> | <u>\$93,777</u> | <u>\$175,292</u> |

See accompanying notes.

**RICHLAND ASSOCIATION FOR
RETARDED CITIZENS, INCORPORATED
Delhi, Louisiana**

**STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2005**

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|--|--------------|
| Increase in net assets | \$314 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | |
| Depreciation | 504 |
| (Increase) decrease in operating assets: | |
| Accounts receivable | 1,374 |
| Increase (decrease) in operating liabilities: | |
| Accounts payable | (386) |
| Taxes payable | 18 |
| Net cash provided by operating activities | <u>1,824</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---------------------------------------|--------------|
| Increase in investments | (200) |
| Purchase of fixed assets | <u>(360)</u> |
| Net cash used by investing activities | <u>(560)</u> |

NET INCREASE IN CASH 1,264

CASH AT BEGINNING OF YEAR 53,549

CASH AT END OF YEAR \$54,813

See accompanying notes.

**RICHLAND ASSOCIATION FOR
RETARDED CITIZENS, INCORPORATED**
Delhi, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Richland Association for Retarded Citizens, Incorporated, is a nonprofit organization whose purpose is to provide vocational and habilitative services to mentally retarded citizens ages 22 years and older.

A. BASIS OF ACCOUNTING

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

B. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

C. FIXED ASSETS

Fixed assets costing \$100 or more acquired by the Richland Association for Retarded Citizens, Incorporated, are considered to be owned by the association and are capitalized at cost. Donated fixed assets with fair market values of \$100 or more at capitalization are capitalized at fair market value on the date of donation. The depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. The estimated useful lives are ten years for the building and five to twelve years for the equipment.

D. CONTRIBUTIONS

Contributions are recorded when received. All contributions are available for unrestricted use unless specifically restricted by the donor.

**RICHLAND ASSOCIATION FOR
RETARDED CITIZENS, INCORPORATED**
Delhi, Louisiana
Notes to the Financial Statements

E. THIRD PARTY REIMBURSEMENTS

The Association receives approximately 90 per cent of its funding from third party reimbursements under contracts for the provision of adult vocational and habilitative services. In order to receive funding, the Association must comply with contract provisions. During the year ended June 30, 2005, the Association received funding under contracts with the Louisiana Department of Health and Hospitals, Office For Citizens With Developmental Disabilities; Delta-American Healthcare, Incorporated; and the Louisiana Medical Assistance Program.

F. CASH

At June 30, 2005, the Richland Association for Retarded Citizens, Incorporated, has cash in demand deposits (book balances) totaling \$54,813. The Association's bank balances were fully insured by FDIC insurance at June 30, 2005.

G. INVESTMENTS

Richland Association for Retarded Citizens, Incorporated, has adopted Statement of Financial Accounting Standards (SFAS) No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. At June 30, 2005, the association's investments consist of a nonnegotiable certificate of deposit with a original maturity that exceeds 90 days that is reported in the accompanying financial statements at cost. The bank balances of the deposits are fully secured from risk by federal deposit insurance.

H. ACCOUNTS RECEIVABLE

Accounts receivable is stated at the amount the Association expects to collect from outstanding balances. Receivables at June 30, 2005, in the amount of \$11,726, consist of amounts due under contracts for the provision of vocational and habilitative services. The receivables are considered fully collectible and no allowance for uncollectible accounts is reported in the financial statements.

**RICHLAND ASSOCIATION FOR
RETARDED CITIZENS, INCORPORATED**
Delhi, Louisiana
Notes to the Financial Statements

I. INCOME TAX STATUS

The Richland Association for Retarded Citizens, Incorporated, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these financial statements.

2. ACCOUNTS RECEIVABLE

As of June 30, 2005, accounts receivable from third party reimbursements consisted of:

| | |
|--------------------------------------|-----------------|
| Department of Health and Hospitals | \$9,309 |
| Louisiana Medical Assistance Program | 272 |
| Delta American Healthcare | <u>2,145</u> |
| Total | <u>\$11,726</u> |

3. LAND, BUILDINGS, AND EQUIPMENT

A summary of land, buildings, and equipment at June 30, 2005, is as follows:

| | |
|-------------------------------|-----------------|
| Land and buildings | \$17,040 |
| Equipment | 3,148 |
| Less accumulated depreciation | <u>(2,083)</u> |
| Total | <u>\$18,105</u> |

4. LITIGATION AND CLAIMS

At June 30, 2005, the Association is not involved in any litigation nor is it aware of any unasserted claims.

SUPPLEMENTAL INFORMATION SCHEDULES

**RICHLAND ASSOCIATION FOR
RETARDED CITIZENS, INCORPORATED
Delhi, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
For the Year Ended June 30, 2005**

PRIOR AUDIT FINDINGS

The follow-up and corrective action taken on all prior audit findings is presented in the summary schedule of prior audit findings (Schedule 1).

CURRENT YEAR AUDIT FINDINGS

The corrective action plan for current year audit findings is presented in Schedule 2.

Schedule 1**RICHLAND ASSOCIATION FOR
RETARDED CITIZENS, INCORPORATED
Delhi, Louisiana****Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2005**

| <u>Reference Number</u> | <u>Fiscal Year Finding Initially Occurred</u> | <u>Description of Finding</u> | <u>Status of Finding</u> |
|-----------------------------|---|---|--|
| Internal Control | 06/30/96 | Inadequate Segregation of Accounting Duties | Unresolved - See 2005-1 on Schedule of Current Year Audit Findings |

**RICHLAND ASSOCIATION FOR
RETARDED CITIZENS, INCORPORATED
Delhi, Louisiana**

**Schedule of Current Year Audit Findings
For the Year Ended June 30, 2005**

2005-1 INADEQUATE SEGREGATION OF ACCOUNTING DUTIES

Condition: All accounting functions of the Association, i.e., depositing and posting receipts and preparing, posting, and issuing checks are performed by one individual.

Criteria: Incompatible functions should be performed by separate individuals.

Effect: Errors or irregularities may not be detected within a timely period.

Cause: It is not economically feasible to correct this deficiency based on the size of the Association and its limited revenues.

Recommendation: None

Management's Response: It is not economically feasible to correct this deficiency based on the size of the Association and its limited revenues.

Independent Auditor's Report
Required by *Government Auditing Standards*

The following independent auditor's report on internal control over financial reporting and on compliance and other matters is presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

369 DONALDSON ROAD • CALHOUN, LOUISIANA 71225 • TELEPHONE 318/644-5726

**Independent Auditor's Report on
Internal Control Over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

**RICHLAND ASSOCIATION FOR
RETARDED CITIZENS, INCORPORATED
Delhi, Louisiana**

I have audited the financial statements of the Richland Association for Retarded Citizens, Incorporated (a nonprofit organization), as of June 30, 2005, and for the year then ended, and have issued my report thereon dated October 24, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Richland Association for Retarded Citizens, Incorporated's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, I noted a certain matter involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Richland Association for Retarded Citizens, Incorporated's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of current year audit findings as item 2005-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and,

**RICHLAND ASSOCIATION FOR
RETARDED CITIZENS, INCORPORATED**

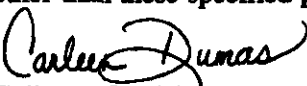
**Independent Auditor's Report
on Compliance and on
Internal Control, etc.,
June 30, 2005**

accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I do not consider the reportable condition described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Richland Association for Retarded Citizens, Incorporated's financial statements are free of material misstatement, I performed tests of the association's compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the board of directors of the Richland Association for Retarded Citizens, Incorporated and the Louisiana Department of Health and Hospitals, Office for Citizens With Developmental Disabilities and is not intended to be and should not be used by anyone other than these specified parties.


Calhoun, Louisiana
October 24, 2005